

2017 Annual Report

New Opportunities, Lasting Results

March 31, 2018



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

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Abstract

Since its creation in 2004, MCC has transformed lives and created opportunities in its partner countries by focusing on one mission: reducing poverty through economic growth. By taking a country-led, results-driven approach to foreign assistance, MCC empowers the poor and catalyzes private investment for public good, creating a more secure world with more opportunities for economic growth at home and abroad.

Introduction

A Message From Secretary of State Rex Tillerson:

America is safer when our partners abroad are stable and prosperous. With a goal of advancing developing countries from aid partners to trade partners, the Millennium Challenge Corporation pursues a singular mission of spurring economic growth—one of the most effective ways to achieve widespread and lasting reductions in poverty in the developing world.

Founded with strong bipartisan support in 2004, MCC's data-driven, results-oriented model has reshaped how the U.S. government approaches foreign assistance. The agency's country-led investments promote good governance, transparency and economic freedom. MCC's highly competitive selection process sometimes even inspires critical policy reforms before a single dollar of U.S. taxpayer money is spent.

MCC is committed to a collaborative relationship with the private sector. By bringing American business leaders into the development strategy and leveraging private investment opportunities worldwide, MCC is laying the foundation for continued investment and long-term prosperity for partner countries.

MCC also works to promote accountability and reduce corruption. By reducing corruption and improving stability in countries of significant strategic importance, MCC is supporting U.S. national security and planting the seeds for lasting bilateral relationships on behalf of the American people.

Executive Summary from Acting CEO Jonathan Nash

It has been an honor to lead the Millennium Challenge Corporation as it continues to fulfill its singular mission: to reduce poverty through economic growth in well-governed developing countries around the world. This report captures the progress made across MCC's portfolio throughout FY2017, including new partnerships in Europe, Africa, and Asia and deepening collaboration with fellow development and private sector organizations. Throughout FY2017, the agency has also pursued new approaches to expand MCC's impact, including efforts to better capture private sector feedback on MCC programs and operations and to more clearly communicate opportunities to partner and work with the agency.

Over the last 13 years, MCC has invested more than \$12 billion in economic growth projects around the globe. These time-limited investments are helping partner governments fund large infrastructure projects and make critical policy and institutional reforms that will enable them to better deliver services to their people and catalyze new business opportunities for private firms, all while advancing global stability and security.

In FY2017, the agency made substantial progress across its program portfolio, including significant new compact and threshold program partnerships and continued engagement with existing country partners. To highlight just a few examples:

- In September 2017, MCC and the Government of Nepal signed a compact that will increase the availability of electricity and lower the cost of transportation in the South Asian country. A

commitment of \$130 million from the Government of Nepal in support of the compact – the highest up-front contribution from a partner country – will enable MCC’s investment to have an even greater impact.

- MCC’s Board of Directors also approved the agency’s \$524.7 million compact investment with Côte d’Ivoire at the Board’s September 2017 meeting. The program will support Côte d’Ivoire’s long-term drive to diversify its economy through investments in the education and transport sectors. As highlighted in this report, MCC’s engagement with Côte d’Ivoire also exemplifies the “MCC Effect”. After passing only five of 20 policy indicators in 2013, the Government of Côte d’Ivoire adopted MCC’s scorecard as its roadmap for reform, thereby demonstrating MCC’s ability to drive reform even before a dollar of U.S. taxpayer money is spent.
- Nine other MCC partner countries continued or began implementing compacts in FY2017, with the Benin and Morocco compacts achieving entry into force – a key program milestone that starts the five year implementation timeline. The agency also successfully oversaw the closure of MCC’s \$275 million compact partnership with Jordan.
- Expanding MCC’s footprint in Eastern Europe, MCC and the Government of Kosovo also signed a \$49 million threshold program addressing two binding constraints to economic growth: an unreliable power supply and real and perceived deficiencies in government accountability and transparency. In total, six countries partnered with MCC in FY2017 to develop or implement threshold programs. These programs help partners advance policy reforms and strengthen institutions to address binding constraints to growth, thereby offering the opportunity to demonstrate their commitment to an MCC partnership.

Leveraging innovative partnerships with private-sector and nongovernment organizations also continues to be a key priority. In FY2017, MCC initiated several new engagements with key partners, while also creating new platforms to enable future partnerships. For example, MCC and the Organization for Economic Co-operation and Development (OECD) launched a strategic partnership to help catalyze investment in the developing world. Through this collaboration, MCC and OECD are exploring how their respective tools can strengthen development in partner countries, maximize the impact of investments, and offer private donors data to make more informed investment decisions. The OECD partnership and others like it demonstrate how MCC is mobilizing capital, expertise and the efficiency of the private sector to deliver faster, better and more sustainable development outcomes.

During a visit to Morocco in early 2017, I saw this firsthand how MCC’s investments can stimulate economic growth and help lift people out of poverty by working together with the private sector to maximize impact and ensure sustainability. MCC signed its initial compact with Morocco in 2007 to increase productivity and improve employment in several high-potential sectors. The Government of Morocco recognized that, despite the country’s rich offerings, tourist spending on local artisan products was lower than in similar foreign markets. So in collaboration with the private sector, MCC’s investment equipped artisans with the training and skills they needed to capitalize on the growing tourist industry. My visit to see these artisans at work five years after MCC’s initial compact partnership with Morocco closed demonstrated that giving people the skills they need to succeed in the workforce can generate big rewards for decades to come. I look forward to seeing the progress we can make with our partners in MCC’s current Moroccan Employability and Land Compact.

With cost-effective projects, a lean staff and an evidence-based approach, MCC continues to be a good investment for the American people.

Board of Directors: Fiscal Year 2017

The MCC Board of Directors comprises five government officials and four individuals from the private sector, who are appointed to serve by the President with the advice and consent of the U.S. Senate. The Board of Directors meets quarterly. At the end of fiscal year 2017, the Board had two vacancies among its members from the private sector.

- Rex W. Tillerson, Chair, Secretary of State
- Steven T. Mnuchin, Vice Chair, Secretary of the Treasury
- Robert E. Lighthizer, U.S. Trade Representative
- Mark A. Green, Administrator, U.S. Agency for International Development
- Jonathan G. Nash, Acting Chief Executive Officer, MCC
- Mike Johanns, Former U.S. Senator and Secretary of Agriculture
- Morton H. Halperin, Senior Advisor, Open Society Foundations and the Open Society Policy Center

Unlocking Opportunity

MCC Partner Countries That Completed Compacts in Fiscal Year 2017

Compacts are five-year agreements between the MCC and an eligible country to fund specific programs targeted at reducing poverty and stimulating economic growth. Since its founding, MCC and its partner countries have completed 22 compacts, totaling more than \$7.9 billion (Table 1). Jordan completed its MCC compact on December 13, 2016.

Jordan

The \$275 million compact partnership with Jordan increased income and reduced poverty by expanding the supply of water and improving the efficiency of water delivery, extending wastewater collection, and expanding a wastewater treatment plant in one of the world's driest countries.

To design the compact, MCC and its Jordanian partners conducted an analysis to determine the binding constraints to economic growth in Jordan. The economic analysis, combined with a broad consultative process, identified the need to address severe water shortages by: (1) improving water delivery systems to reduce water losses and (2) expanding the capacity for collecting and treating wastewater and reusing it in agriculture.

The compact addressed these needs by rehabilitating the water distribution system and expanding the capacity for collecting and treating wastewater in Zarqa Governorate, one of the poorest areas in the country.

The **Water Network Restructuring and Rehabilitation Project** rehabilitated more than 800 kilometers of water pipes and a pump system and installed more than 40,000 household water meters. The project contributed to a decline in physical water losses, thereby helping the government manage increased pressure on the country's water resources—a critical issue due to water scarcity exacerbated by the Syrian refugee crisis. The project's Water Smart Homes Activity improved the quality of plumbing and water storage in the homes of 3,958 poor families and in 22 public schools. The activity improved the condition of home water systems and decreased water costs for households.

The **Wastewater Network Reinforcement and Expansion Project** constructed more than 300 kilometers of new wastewater pipes in areas of the Zarqa Governorate that lacked access to the sewer network. It also created more than 8,700 connection points to the wastewater pipes, making it possible for more than 54,800 users to connect to the new system. The project used cost savings identified during implementation to construct an additional 65 kilometers of pipes and to purchase high-pressure-jet cleaning equipment that will increase the life span of the sewage lines through enhanced maintenance.

The **As-Samra Wastewater Treatment Plant Expansion Project** increased the existing plant's capacity to treat wastewater, thereby addressing 70 percent of the country's wastewater demand and enabling the

plant to meet the region's wastewater treatment needs through 2025. Approximately 375,000 households benefit from the project by making use of the additional freshwater supplies. More high-quality treated water is now available for agricultural applications as well. The plant produces 80 percent of its own energy needs, from biogas and hydropower, making it one of the most modern and energy-efficient treatment plants in the Middle East.

Impact Beyond The Compact: Building Partner Country Capacity

MCC funds more than infrastructure; it builds partner country capacity, expertise and know-how throughout the life cycle of its partnerships. MCC's commitment to country ownership means that countries are full partners in developing compacts and take the lead in compact implementation. By using and developing local expertise, MCC empowers citizens and builds self-sufficiency. This approach promotes the sustainability of MCC projects and extends the benefits of MCC's work beyond the strict five-year term of its compacts.

In **Senegal**, the government is continuing to implement an initiative to improve local land governance through a blend of traditional and modern land practices that was developed under the first compact.

In **El Salvador**, findings from the first compact's formal and nonformal education intervention evaluations have been applied to the design of the second compact's Human Capital Project.

In **Moldova**, expertise developed under the compact is informing strategies for further development of the irrigation and high value agriculture sectors. For example, use of the modular irrigation systems developed under the compact is expanding.

In the **Philippines**, the Bureau of Internal Revenue continues to leverage the training, technology and reforms from MCC's investments to improve its operations in raising tax revenues and reducing tax evasion. Notably, the bureau collected \$600 million from a single taxpayer in 2017, a success that the government attributed in part to changes implemented under the compact.

TABLE 1: MCC Completed Compacts as of September 30, 2017

Partner Country	Date Compact Signed	Total Compact Amount at Signing (in millions of dollars)
Madagascar	April 8, 2005	\$109.8
Honduras	June 14, 2005	\$215.0
Cabo Verde	July 5, 2005	\$110.1
Nicaragua	July 15, 2005	\$175.0

Partner Country	Date Compact Signed	Total Compact Amount at Signing (in millions of dollars)
Georgia	September 12, 2005	\$395.3
Benin	February 22, 2006	\$307.3
Vanuatu	March 2, 2006	\$65.7
Armenia	March 27, 2006	\$235.7
Ghana	August 1, 2006	\$547.0
Mali	November 13, 2006	\$460.8
El Salvador	November 29, 2006	\$460.9
Mozambique	July 13, 2007	\$506.9
Lesotho	July 23, 2007	\$362.6
Morocco	August 31, 2007	\$697.5
Mongolia	October 22, 2007	\$284.9
Tanzania	February 17, 2008	\$698.1
Burkina Faso	July 14, 2008	\$480.9
Namibia	July 28, 2008	\$304.5
Senegal	September 16, 2009	\$540.0
Moldova	January 22, 2010	\$262.0
Philippines	September 23, 2010	\$433.4
Jordan	October 25, 2010	\$275.0

MCC Partner Countries in Compact Implementation

Ten countries were continuing or had begun implementing their MCC compacts as of September 30, 2017 (included in Table 2). Each five-year compact is managed and implemented by a Millennium Challenge Account (MCA), an organization established by each partner country's government. Compact milestones from FY2017 include the following:

Benin

The Benin Power Compact entered into force on June 22, 2017, marking the start of the five-year implementation period. This milestone was preceded by key decisions taken by the government to reform the electricity sector: adoption of a master plan, approval of a performance contract between the national electricity utility and the government, and establishment of a new utility board of directors. Completion of these reforms will ensure the financial health and good governance of the national electricity utility, which

is key to the sustainability of MCC investments. Other program advances in FY2017 include the launch of an off-grid facility manager, which is the U.S. Government's largest off-grid electrification fund (\$40 million); the start of key procurements for the design of \$81 million in electricity distribution works; and the initiation of studies to enable tariff reforms in the electricity sector. Steady progress continues on the off-grid energy policy, strategy, master plan and regulatory framework. These reforms must be carried out prior to the release of certain funding for the off-grid electrification project.

Cabo Verde

The Cabo Verde Compact entered its final year in FY2017. The compact program includes infrastructure that has improved the distribution and quality of water and sanitation for approximately 200,000 inhabitants. The new consolidated water distribution company for the island of Santiago became fully functional in tandem with national-level reforms, including revisions to the water and sanitation code and tariff policy, that improved management of the sector. The compact also included funding for the demarcation of approximately 40,000 land parcels across four islands and their inclusion in the national land registry. With compact support, the Government of Cabo Verde established a revolving fund for water and sanitation projects and explored potential public-private partnerships to continue projects in the land sector.

El Salvador

The El Salvador Investment Compact continued to meet compact milestones during FY2017. The Government of El Salvador satisfied certain conditions necessary to receive funding for the Investment Climate Project's (ICP's) Regulatory Improvement Activity by implementing an initial package of reforms in areas related to trade, construction and public administration. Under the ICP's Public-Private Partnership Sub-Activity, MCA-El Salvador (known as FOMILENIO II) completed two feasibility studies on the suitability and potential structure of a concession for the Comalapa International Airport cargo terminal and a road concession that will include street lighting and video surveillance on the highways leading from the seaport to San Salvador. The Government of El Salvador unanimously passed the FOVIAL (Road Maintenance Fund) law to ensure adequate funding of maintenance for the national road network beyond the compact term, thus satisfying certain funding conditions for the Logistical Infrastructure Project (LIP). Designs for LIP's Coastal Highway Expansion Activity were completed, and construction and construction supervision tenders were launched. Under the Human Capital Project's Education Quality Activity, MCA-El Salvador concluded a characterization study (intervention diagnostics) and launched procurements for the pedagogical projects.

Georgia

Fourteen additional public K–12 schools were fully rehabilitated and reopened in FY2017, bringing the total number to 26 at the end of the fiscal year. Construction began or progressed on 32 others, and design work began on a final phase of more than 30 schools. More than 7,000 science, technology, engineering and mathematics (STEM) teachers received training in student-centered pedagogy, improved instructional skills, and subject matter knowledge, and more than 1,700 principals benefitted from improved school management training. Dozens of new and expanded vocational degree and certificate

programs received accreditation, with nearly 50 programs ready to admit their first students in the 2017–18 academic year. Finally, San Diego State University Georgia welcomed more than 200 new freshmen, increasing its total student body by more than 100 percent. The institution added high-demand degree programs in construction and civil engineering, broke ground on a new building at one of its partner universities, and launched a public-private partnership fund that has already brought in \$3 million in scholarships from the Georgian private sector.

Ghana

In FY2017 the Ghana Power Compact continues to advance, with demonstrations of renewed political will and support for the compact by the Akufo-Addo administration. One of the main goals of the compact is improving the performance of the Electricity Company of Ghana (ECG), the primary public electric distribution entity, through private sector participation via a concession, as well as targeted infrastructure investments and reforms in power generation. The project is intended to help ECG become a functional, creditworthy and self-sustaining power utility that will better serve its existing and future customers as well as leverage up to \$500 million of private investment in the sector. The government has made significant steps in the concession transaction process by hosting a well-attended bidders' conference to address questions and comments from the six prequalified bidders, and subsequently finalized key aspects of the bid documents, including the tariff methodology, bulk power supply agreement, and sales and distribution licenses. By the end of FY2017, the government was on track to release the final bidding documents. The Government of Ghana has also worked to begin implementation of the remaining five projects under the compact, including providing support to the Northern Electricity Distribution Company, NEDCO, which provides electricity services to the less densely populated regions in the northern part of the country.

Indonesia

Compact implementation accelerated across all three projects of the Indonesia Compact in FY2017, with disbursements in the second six months amounting to nearly half the cumulative disbursements of the previous 48 months. Under the Green Prosperity Project, MCA-Indonesia finalized an \$83 million renewable energy portfolio that included the construction of five new off-grid renewable energy power plants to be owned and operated by local communities and their partners. Other noteworthy achievements included adoption of major government policy changes that will accelerate peatlands restoration, thus reducing the risk of costly fires while increasing carbon stocks and long-term productivity in the critical Sumatran landscape, and partnerships with the private sector to support nearly 100,000 independent smallholder producers practicing sustainable agriculture in the cocoa, palm oil, rubber, and coffee value chains.

As part of the Community-Based Health and Nutrition to Reduce Stunting Project, MCA-Indonesia and the Ministry of Health expanded community-level training to 5,400 villages; revised national guidelines on numerous topics, including mother, infant and young child feeding and community-led sanitation; scaled up a national communications campaign to increase awareness of stunting to help improve the long-term health and economic prospects of the Indonesian people; and began distribution of iron and folic acid supplements to households. Under the Procurement Modernization Project, MCA-Indonesia supported

the training of more than 500 employees of national and local governments in modern procurement and management skills. This project strengthens the government's ability to deliver key public goods and services to its people while reducing fraud and waste, and establishes centers of excellence to spread procurement knowledge and skills nationwide. The project is also supporting the government's ambitious infrastructure plans by developing transparent procurement regulations and practices for public-private partnerships.

Liberia

By the end of 2017, MCC had achieved two major milestones in its compact with Liberia, namely the commissioning of all four turbines at the Mount Coffee Hydropower Plant (MCHPP) and the signing of a management services contract for the Liberia Electricity Corporation (LEC), Liberia's electricity utility. MCHPP, Liberia's largest electricity generation asset, was rehabilitated using funding from MCC, the Government of Norway, Germany's KfW Development Bank, the European Investment Bank, and the Government of Liberia. The rehabilitated MCHPP will add up to 88 megawatts to Liberia's electricity grid, more than doubling the country's generation capacity. This investment is supported by other compact activities, such as a management services contract and the establishment of an independent energy regulator. The management services contractor is tasked with moving LEC toward financial sustainability, significantly increasing connections, and training the Liberian staff to run a reliable and efficient utility.

The Liberia Compact's roads project focuses on improving the planning and execution of road maintenance. Over the past year, the project has helped build capacity by funding training, data collection, and technical assistance for the government in preparation for the development of a five-year national road maintenance plan.

Malawi

The Malawi Power Compact continued to advance in FY2017, with significant progress on the construction of electric power substations and transmission and distribution lines, and the refurbishment and upgrade of a hydropower plant. With compact support, the Government of Malawi implemented new legislation unbundling the state-owned electric utility and opening up a competitive market for power generation to the private sector. The compact helped Malawi's electric utility achieve greater operational and financial stability and, together with Power Africa, helped it progress toward concluding its first procurement of independently produced solar power. As part of the effort to reduce erosion into the Shire River, which can impede hydropower generation, 11 nongovernmental organizations received compact funding to support conservation agriculture and reforestation activities.

Morocco

The Morocco Employability and Land Compact entered into force on June 30, 2017. MCC finalized the design of the Integrated School Improvement Model and completed work in six pilot schools in the Tangier-Tetouan region. In June 2017, MCA-Morocco launched a \$100 million grant facility to fund public-private partnerships for the creation and rehabilitation of technical and vocational centers in Morocco. As part of the Land Productivity Project, MCA-Morocco continued to engage key stakeholders

in the Gharb region in order to develop improved procedures for the conversion of collective lands to private ownership. MCA-Morocco and key government stakeholders also signed an agreement to jointly promote sustainable industrial zones and have continued work to launch the Center of Expertise for Industrial Land Development and to prepare pilot zones for public-private partnerships.

Zambia

Construction activities on the Lusaka Water Supply, Sanitation and Drainage Project's nine key infrastructure investments continued, and MCC is closely monitoring completion risks. These capital investments will improve water supply and sanitation networks managed by the Lusaka Water and Sewerage Company (LWSC), as well as the capital city's backbone drainage structure managed by the Lusaka City Council (LCC). The compact supports institutional strengthening of LWSC and LCC, focused on improving asset and environmental management; information, education and communication services; social inclusion; and gender mainstreaming. An estimated 1.2 million citizens of Lusaka will benefit from these initiatives. In partnership with MCC, the Government of Zambia met \$28 million in financial obligations through FY2017, and to ensure the successful completion of construction works the government committed to provide \$22 million in contingency funding in FY2018. The Ministry of Local Government, with MCA-Zambia support, is working to improve citywide drainage maintenance and solid waste collection and disposal. The compact's Innovation Grants Program awarded nearly \$5 million in grants to community-based organizations and private sector entities to improve service delivery to vulnerable populations and support sustainability, with a focus on water supply, sanitation and solid waste management.

TABLE 2: Fiscal Year 2017 Compact Obligations and Expenditures (in millions of dollars)

Partner Country	Total Compact Amount at Signing	Activity in FY 2017			
		Section 609(g) CDF		Section 605 Assistance	
		Obligations	Expenditures	Obligations	Expenditures
Benin	\$375.0	-	\$-	\$357.0	\$6.9
Cabo Verde	\$66.2	\$-	\$-	\$-	\$22.4
El Salvador	\$277.0	\$-	\$-	\$-	\$7.9
Georgia	\$140.0	\$-	\$-	\$-	\$32.9
Ghana	\$498.2	\$-	\$-	\$-	\$9.2
Indonesia	\$600.0	\$-	\$-	\$-	\$167.7
Jordan**	\$275.1	\$-	\$-	\$(2.2)	\$18.8
Liberia	\$256.7	\$-	\$-	\$-	\$64.2

		Activity in FY 2017			
		Section 609(g) CDF		Section 605 Assistance	
Partner Country	Total Compact Amount at Signing	Obligations	Expenditures	Obligations	Expenditures
Malawi	\$350.7	\$-	\$-	\$-	\$106.0
Morocco	\$450.0	\$-	\$-	\$428.6	\$4.4
Nepal	\$500.0	\$40.5	\$-	\$-	\$-
Niger	\$437.0	\$-	\$1.0	\$-	\$-
Philippines**	\$433.9	\$-	\$-	\$(48.0)	\$-
Zambia	\$354.8	\$-	\$-	\$-	\$89.1

**These compacts are closed but had a de-obligation in FY2017. These de-obligations were factored into the compact funding requested in MCC's FY2018 Congressional Budget Justification.

Note: For MCC's financial reporting, disbursements are expenditures.

TABLE 3: Signed Compacts That Had Not Yet Entered Into Force as of September 30, 2017

Partner Country	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
Niger The \$437 million Niger Sustainable Water and Agriculture Compact, signed on July 29, 2016, is comprised of two projects: the Irrigation and Market Access Project and the Climate-Resilient Communities Project. These projects are intended to increase rural incomes through modernized irrigated agriculture and flood-management systems designed to generate greater agricultural production and yields; increased market access, sales and value for agricultural products; and sustainable management of natural resources. The Niger Compact is expected to enter into force in January 2018. A recruitment firm has been retained to help identify all key MCA-Niger staff. MCC, MCA-Niger and the Government of Niger	\$27.174	\$1.0

Partner Country	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
are taking security concerns seriously and are acting to ensure that appropriate security measures are applied during compact implementation.		
Nepal On September 14, 2017, MCC signed a \$500 million compact with the Government of Nepal. Additionally, the Government of Nepal has committed to provide a \$130 million contribution to the program—the largest upfront partner country commitment in an MCC compact to date—for an overall compact budget of \$630 million. This compact is the first in South Asia; it is intended to increase the availability of electricity and maintain road quality throughout the country. Notably, the compact also includes a regional cooperation component, as the Electricity Transmission Project includes construction of a transmission line in Nepal to facilitate increased cross-border electricity trade with India.	\$40.5	\$0

Note: For MCC's financial reporting, disbursements are expenditures. Compact funds are fully obligated, and the five-year clock starts when the compact enters into force.

Compacts in Development

During FY2017, MCC continued work with eight countries to develop potential compacts. This section highlights the status of each compact as of September 30, 2017.

Burkina Faso

In December 2016, MCC's Board designated Burkina Faso as eligible for compact development. MCC and the Government of Burkina Faso jointly identified two primary constraints to growth: (1) the high cost and low quality of and low access to electricity and (2) the lack of a skilled workforce. MCC and the Government of Burkina Faso have proceeded to the next phase of development and are conducting a root cause analysis and developing initial concept notes for both sectors.

Côte d'Ivoire

MCC's Board approved the \$524.7 million Côte d'Ivoire Compact in September 2017, the capstone to a year of intense due diligence and project design work on the Abidjan Transport Project and the Skills for Employability and Productivity Project. MCC's compact negotiations with the Government of Côte d'Ivoire in July 2017 resulted in the government's committing to policy reforms that will facilitate the completion and enhance the sustainability of the compact program.

Lesotho

The Government of Lesotho made progress to address MCC's concerns regarding its eligibility to develop a second compact. The government implemented recommendations from the Southern African Development Community aimed at strengthening Lesotho's rule of law and increased its commitment to sustaining investments from the first compact.

Mongolia

MCC and the Government of Mongolia continued developing a compact that addresses the imminent water shortage in the capital city of Ulaanbaatar and leverages additional investment throughout the water supply system. MCC studied projects that increase the bulk water supply through the addition of groundwater wells, introduce wastewater recycling technologies, and boost long-term sustainability in the water sector. MCC plans to present the compact for Board consideration by summer 2018.

Philippines

In FY2017, MCC and the Government of the Philippines made progress in developing project proposals to tackle the growth constraint associated with agricultural competitiveness and rural economic development, while incorporating transport infrastructure in project design. In December 2016, MCC's Board deferred a vote on the reselection of the Philippines for compact development, subject to a further review of concerns relating to the rule of law and civil liberties, noting that the Board would revisit discussions on the Philippines' eligibility at a future date.

Senegal

MCC's Board designated Senegal as eligible to develop a second compact in December 2015. MCC and the Government of Senegal identified the high cost of and poor access to energy as a binding constraint to growth, along with a challenging business environment. In FY2017, the government submitted four concept notes followed by detailed proposals for investments in the energy sector, with a focus on generation, access, network modernization and reform. MCC is assessing these proposals and aims to seek Board approval on a second compact before the end of 2018. MCC aims to seek Board approval on a second compact before the end of 2018.

Sri Lanka

MCC's Board designated Sri Lanka as eligible to develop a compact in December 2016. MCC and Sri Lanka conducted root cause analyses of problems in the transport and land sectors to identify potential

projects. MCC is exploring initiatives to: (1) reduce transport bottlenecks and congestion in the Western Province and between the Western Province and other regions and (2) optimize the use of state lands for commercial purposes. MCC plans to present the compact for Board consideration in fall 2018.

Tunisia

MCC's Board designated Tunisia as eligible to develop a compact in December 2016. MCC and the Government of Tunisia identified three binding constraints to growth: excessive market controls of goods and services; excessive labor market regulations; and water scarcity, which is constraining development in the interior regions of Tunisia and in the agriculture sector. MCC will explore opportunities to address these identified constraints in the next phase of compact development.

Sector Results at a Glance: By the Numbers and Key Policy Reforms

Numbers are cumulative since the agency's founding in 2004 and current as of September 30, 2017.

Once a country is designated as eligible to develop a compact or threshold program, the first step in MCC's process is to work with partner country officials to conduct a rigorous joint analysis that identifies the most binding constraints to economic growth. The results of the analysis help MCC to prioritize its investments in the areas that represent the greatest impediments to private investment and poverty reduction. These areas may include access to credit, governance, electricity, transportation, or education. Constraints to growth are different for each country and ultimately drive MCC's investment strategy. Below are highlights of MCC's sector investments that have emerged from this analysis.

Power

2,683 miles of electricity lines completed

MCC is making major investments in the energy sector to reduce energy poverty in Nepal, Benin, Ghana, Liberia, Malawi, and Sierra Leone, while encouraging power sector reforms that complement infrastructure investments. In Liberia, MCC's compact funds the rehabilitation of a hydropower facility to increase the amount of generated electricity, facilitate lower overall electricity rates, and increase the reliability and adequacy of the power supply. In Ghana, the government took significant steps to revitalize its power sector by inviting the private sector to invest in one of its national distribution utilities. Implementation of the Benin Power Compact continues to strengthen the national utility, attract private sector investment, and fund infrastructure investments in electric generation and distribution as well as off-grid electrification for poor and unserved households. In addition, significant construction works for large-scale on-grid generation, transmission and distribution projects are underway in Malawi, as well as smaller-scale on- and off-grid energy projects in Indonesia. In Sierra Leone, MCC began carrying out its threshold program to build the capacity of the newly established power regulator and power generation and transmission utility. In Nepal, preparations are underway for the design of the transmission line funded under the compact. Kosovo's threshold program will strengthen the country's power sector by fostering a market-driven approach to lowering energy costs for households and businesses and

developing new sources of electricity generation.

Transportation

2,500 miles of road completed

1,000 additional miles of roadway under construction

In May 2016, the Philippines, using MCC compact funding, successfully completed the reconstruction/rehabilitation of 137.9 miles of a road in the country's Samar and Eastern Samar provinces, which will help lower transport costs and travel times and open up possibilities for new markets. Niger prepared investments to upgrade approximately 198 miles of roads to international standards and enhance both national and regional connectivity. Implementation of technical assistance and policy reform activities that would set Liberia on a long-term path to a sustainable road maintenance program were started. In Nepal, a pilot program targeting capacity building in developing new road maintenance construction techniques has been launched that will provide input in the design of future periodic maintenance works on up to 300 kilometers of roads. In Côte d'Ivoire, the design of a major rehabilitation and upgrade of four major urban corridors in the metropolitan area of Abidjan has been launched. In El Salvador, the construction tender for a capacity upgrade of a heavily trafficked 18-mile segment of coastal highway has been completed, and construction is scheduled to start in early winter 2018.

Water and Sanitation

12,135 people trained in hygiene and sanitary best practices

1,181 water points constructed

MCC supports capital improvements and policy and institutional reforms to improve the level and quality of water and sanitation services in partner countries. MCC's five-year compact with Jordan, for example, closed in FY2017 after investing more than \$200 million in the rehabilitation and construction of water supply and wastewater infrastructure, including investment in the As-Samra wastewater treatment plant, where treated effluent will be diverted for agricultural use, saving precious bulk water in this water-poor nation. MCC's compact investment in Zambia is helping the main water utility company improve billings and collections and provide more reliable service to its customers. In Sierra Leone, MCC is partnering with the government on a threshold program to implement policy reforms, build institutional capacity and improve governance in the water sector in Freetown. A comprehensive assessment of the water utility in Guma Valley was conducted to determine the priority areas for assistance in strengthening utility performance.

Agriculture and Irrigation

330,184 farmers trained

504,004 acres under improved irrigation

In July 2016, MCC signed a \$437 million compact with Niger focused on strengthening the agricultural sector. Through the compact's Irrigation and Market Access Project, MCC will work with the

Government of Niger to improve irrigation. This work will include the rehabilitation and development of three large-scale irrigation systems in the Dosso and Tahoua regions, designed to increase crop yields, sustainable fishing and livestock productivity. In addition, the project will reform policies and institutions, including the establishment of a national water resource management plan and natural resource and land use management plans, and will increase local understanding of best practices for the sustainable use and maintenance of irrigation and market infrastructure.

Land

312,508 household, commercial and legal entities granted protected land rights

MCC works with partner countries to improve land governance and administration, strengthen property rights, and stimulate private sector investment for more productive land use. In Cabo Verde, MCC has invested in initiatives to reduce the time required to register property rights and establish more conclusive land records in areas with high development potential. MCC funding was used under a pilot activity to complete surveys for 100 percent of land parcels on the island of Sal, which are now being registered. This activity led to the passage of a legal amendment in August 2016 that streamlined the land survey and registration process. MCC is now funding the survey and registration of an additional 22,824 parcels on the islands of Boa Vista, Maio, and São Vicente. In Indonesia, MCC's investment in natural resource management and renewable energy includes the development of a methodology for community-based participatory mapping of village boundaries and cultural and natural resources. With this methodology, villages are able to produce legally recognized village maps to enhance land use plans. Land and natural resource information systems are being installed in government offices in 35 districts across 10 provinces to provide decision-makers with the information they need to encourage investment while effectively supporting the management of their land and other natural resources.

Education

772 education facilities constructed or rehabilitated

4,716 instructors trained

215,607 students participating in MCC-supported education activities

MCC works with partner countries to ensure that students obtain the knowledge and skills needed by the private sector. In FY2016, El Salvador officially announced its commitment to reform the country's technical and vocational education and training (TVET) system, identifying four transformative industries to target. The Salvadorans are establishing a Skills Sector Committee for each of these four industries to define demand-driven training programs to feed into the overall TVET system. In Georgia, 26 schools have been completed, with another three on track to be completed by December 2017, and hundreds of students will be able to move into highly improved learning environments. Also in Georgia, more than 1,600 principals have been trained. The MCA-Georgia TVET facility has awarded its first round of grants, totaling approximately \$12 million, which are slated to be disbursed in 2018. In September 2016, construction tenders were successfully launched for the rehabilitation of pilot schools for MCC's Morocco Compact. Also in Morocco, preparations are underway to field test an innovative Integrated School Improvement Model that will eventually be implemented in approximately 100 secondary schools, and

planning has advanced significantly for a TVET grant facility as well as a results-based financing component of the compact that aims to improve job placement for women and at-risk youth. In Côte d'Ivoire, MCC signed a compact with the government in November 2017. The compact includes an education project involving investments in both secondary education and TVET. The secondary education activity will increase access to and the quality of education for students, while the TVET activity will introduce a demand-driven model of skills development with private sector governance. Finally, the Guatemala Threshold Program includes a TVET component.

Health

1,564 health providers trained on growth monitoring

6,857 service providers trained on community-led total sanitation triggering

16,797 service providers trained on infant and young child feeding

MCC works with partner countries to integrate sanitation, maternal and child health, and nutrition projects to reduce stunting and increase household income. In Indonesia, MCC has committed more than \$130 million to improve nutrition and health. MCC's Indonesia Compact includes a partnership with the World Bank using incentive-based community grants to increase the demand for health, nutrition and education services, and improves the health sector's capacity to respond to increased demand at the facility and community level. In Sierra Leone, MCC has committed \$5 million to improve access to reliable and safe water, sanitation and hygiene (WASH) services, and to promote WASH practices at the household level. Increased access to safe drinking water, food and sanitation services is critical to improving children's nutritional status and preventing environmental enteropathy, which has been associated with growth failure in children.

A Results-Based Approach

MCC uses a country-driven, results-based approach to its global investments, ensuring that each compact generates cross-cutting impact. MCC is committed to applying its experience, expertise and flexibility to evolving challenges to achieve economic growth. This means incorporating a focus on the following areas:

Gender and Social Inclusion

Gender and social inclusion are essential to achieving MCC's mission to reduce poverty through economic growth, and MCC integrates inclusion into every phase of its investments. Catalyzing and supporting institutional reforms ensures that the impacts of MCC's investments extend well beyond the life of a compact. In Malawi, Liberia and Ghana, MCC compacts are aimed at strengthening the policies and practices of electrical utilities in order to enable them to provide better and more affordable services to their diverse set of customers. MCC's *Gender Policy*, first adopted in 2006, requires that gender inequalities be addressed during country selection, in the development and design of programs, and throughout program implementation and impact evaluations. MCC supports women entrepreneurs in Indonesia and Benin and provides skills development and workforce opportunities that allow women to compete for better-paying jobs in nontraditional sectors, including in construction in Zambia and energy in Ghana. Supporting a woman's ability to be a productive member of the workforce starts with enhancing

the opportunities available to her during childhood and adolescence. In El Salvador, MCC's compact has supported the development of the Ministry of Education's Gender Policy and Gender Unit, designed to improve gender equality in the country's educational system.

Environment, Health and Safety

MCC's Environmental and Social Performance team works with partner countries to integrate internationally accepted principles of environmental and social sustainability into the design and implementation of compacts. Beyond doing no harm, MCC is engaging with partner country stakeholders to sustain and enhance the management of valuable natural resources and to build local community understanding of and support for MCC-funded programs. In Malawi, MCC is supporting improved land-use practices in upstream communities so as to decrease sedimentation in the Shire River and protect the life span of downstream hydropower infrastructure funded by MCC. In Zambia, MCC is working with local communities and contractors across dozens of active work sites on MCC-funded investments in water supply, sanitation and drainage to ensure the health and safety of local residents and the construction workers. In Ghana, MCC is working closely with the compact's electricity utility implementing partner to build capacity for improved environmental, health and safety performance across the utility's operations. Through the Green Prosperity Project in Indonesia, MCC is helping smallholder farmers and rural community members enhance their livelihoods and manage local natural resources more sustainably through improved agricultural and forest management practices.

Climate Resiliency

To be sustainable beyond MCC's five-year compact implementation period, investments must be climate resilient. To that end, MCC systematically screens all new investments for climate risks and opportunities. Where risks are identified, MCC works with its partners to understand and address these risks in project design. Where opportunities to include climate risk mitigants present themselves, MCC incorporates them into program design, such as in the Niger Compact, which is intended to help rural communities and farmers become more resilient to climate change. In FY2017, MCC worked internally and with other U.S. Government development and science agencies to establish stronger tools and approaches, including new approaches to adapting water supply and irrigation infrastructure and assessing the greenhouse gas implications of selected projects supported by MCC under the Indonesia Compact.

MCC Threshold Programs: Results Through Reforms

MCC's threshold program assists promising candidate countries to become compact eligible by offering them the opportunity to demonstrate their commitment to just and democratic governance, economic freedom, and investments in their people. By advancing policy reforms and strengthening institutions to address the most binding constraints to economic growth, threshold programs complement the "MCC effect" created by MCC's country scorecard and allow the agency to assess the opportunity for an impactful and cost-effective partnership before committing to a larger compact. MCC uses the same

rigorous, evidence-based approach in threshold programs as it does in compacts, leading to high-quality programs that maximize potential systemic impact and lay the foundation for larger investments.

In FY2017, MCC partnered to develop or implement threshold programs with Guatemala, Honduras, Kosovo, Sierra Leone, Togo, and Timor-Leste. Sri Lanka, which began as a threshold partner in FY2016, was selected by MCC's Board to develop a compact in FY2017. The diagnostic work carried out through the threshold partnership created a strong foundation for the development of the country's compact.

In September 2017, MCC and the Government of Kosovo signed a \$49 million threshold program to implement policy and institutional reforms in two areas critical to economic growth and poverty reduction. To address the problem of electricity demand outstripping supply and the high cost of heating, the program will support the government's efforts to encourage investments in energy efficiency and to promote the adoption of cleaner and cheaper sources of energy for heating. The program will also explore innovative ways to catalyze private sector financing that will allow independent power producers to bring additional energy supply online. To address concerns regarding the rule of law and control of corruption in the country, the program seeks to foster a data-driven approach to increase transparency and accountability in key areas, including the judiciary and environmental protection.

MCC and the Government of Guatemala are partnering to implement a \$28 million threshold program. Signed in April 2015, the program is designed to improve the quality of secondary education. In order to increase government spending on social services such as education, MCC is also working with Guatemala to mobilize financial resources through customs and tax administration reforms and by attracting private capital to finance infrastructure through public-private partnerships.

MCC and the Government of Honduras signed a \$16 million threshold program agreement in August 2013 to enhance the transparency and efficiency of public financial management, procurement, auditing and oversight of public-private partnerships. In 2017, the government launched a procurement certification program aimed at improving the transparency, accountability and quality of public procurement by training civil servants and requiring that all procurements above a certain threshold be managed by certified professionals. The program is tentatively scheduled to be completed in 2018.

In November 2015, MCC and the Republic of Sierra Leone signed a \$44 million threshold program agreement to support policy reforms and improved governance in the water and electricity sectors. By establishing independent regulation, strengthening key institutions, and increasing transparency and accountability, the program will create a foundation for the delivery of financially sustainable water and electricity services to the people of Sierra Leone, and limit opportunities for corruption in service delivery.

Togo was selected as a new threshold country partner in December 2015. The Government of Togo has worked closely with MCC to conduct a constraints analysis and has developed an ambitious program to address critical constraints in its information and communications technology (ICT) and land sectors. To address the constraint of poor ICT services, the proposed program would improve Togolese citizens' access to high-quality and affordable ICT services by encouraging private sector investments in the ICT sector and developing an independent regulatory regime. In the land sector, the proposed program would expand access to formalized land titles through the recognition and protection of legitimate land rights, in

order to accelerate agricultural productivity.

Timor-Leste was selected as a new threshold country partner in December 2016. Since that time, the Government of Timor-Leste has demonstrated a clear commitment to good governance, investing in its people and economic freedom. In collaboration with the government and development partners, MCC identified four binding constraints to growth in Timor-Leste: (1) low sustainability and effectiveness of fiscal expenditures, (2) an uncompetitive real exchange rate, (3) a weak business-enabling environment and (4) a low level of human capital.

For More

- Visit www.MCC.gov for the latest progress on each MCC partner country, including financial data, results and donor coordination efforts.
- Review MCC's [Fiscal Year 2017 Agency Financial Report](#) for financial statements and the independent auditor's report.

Partnering for Results

MCC continues to seek new and innovative ways to collaborate with partner country governments, public donors, the private sector and other U.S. Government agencies to produce lasting advances in the developing world. These partnerships allow for increased data-sharing, wider outreach, and improved efficiency of investments.

MCC Launches Partnership Annual Program Statement

MCC launched a Partnership Annual Program Statement (APS) in order to foster collaboration and partnerships to reduce poverty through economic growth. The APS showcases specific MCC partnership opportunities through an open, fair and transparent competition, and fosters proactive collaboration and engagement among MCC and potential partners. This enables MCC and prospective partners to best use of each organization's distinct knowledge, networks, innovations, investments, personnel, and resources.

MCC Launches Strategic Partnership with The Coca-Cola Africa Foundation

MCC and The Coca-Cola Africa Foundation (TCCAF) have collaborated on projects since 2013 in connection with MCC's Cabo Verde Compact. As part of TCCAF's flagship Replenish Africa Initiative, TCCAF invested alongside MCC in improving water access for more than 22,000 people by developing a social access fund. In 2017, MCC and TCCAF formalized a global partnership and TCCAF announced new funding to support MCC's Zambia Compact, which includes investments in water supply, sanitation and drainage infrastructure in Lusaka, the country's rapidly urbanizing capital, in order to reduce poverty and drive economic growth. The funds will support an innovative pilot project that is delivering safe water to the people of Zambia through a public-private partnership.

MCC Launches Strategic Partnership With the Organisation for Economic Co-operation and Development

In FY2017, MCC and the Organisation for Economic Co-operation and Development (OECD) launched a strategic partnership to help catalyze investment in the developing world. Through this collaboration, MCC and the OECD are exploring how each organization's respective tools can strengthen development in partner countries, maximize the impact of investments, and generate additional investment in and around MCC programs. In FY2017, MCC and the OECD held two events focused on the Senegal and Côte d'Ivoire constraints analyses.

Innovation in Partnerships

MCC catalyzes private investment by partnering with countries to enact market-based reforms and developing innovative public-private partnerships that leverage private capital and expertise. MCC's compact in El Salvador and threshold programs in Guatemala and Honduras advanced the objectives of MCC's Public-Private Partnership platform, or P3, established in FY2015, by supporting the development

of seven transactions and funding an internationally recognized P3 training program. MCC hosted a nationwide investment roadshow that highlighted power sector investment opportunities across Africa and featured compact programs in Ghana and Benin. MCC continued its efforts to reach out to American businesses by holding a partnerships and procurement forum for American businesses in Utah and participating in the Overseas Private Investment Corporation's Expanding Horizons workshop series. In support of partnership development, MCC rolled out a relationship management system and developed its first Partnerships and Innovation College.

Powering Africa

To fulfill the agency's goal of removing constraints to economic growth, MCC is making major investments in sub-Saharan Africa to reduce energy poverty. The agency is implementing approximately \$1.5 billion worth of power projects that will improve the quality and reliability of electricity in Benin, Ghana, Liberia, Malawi and Sierra Leone, while also developing power projects in Burkina Faso and Senegal. These projects focus not only on building physical infrastructure but also on improving the enabling environment to attract private sector investment. Examples include the concession of the electricity distribution company in the southern part of Ghana to a private operator; financing a photovoltaic solar power project in Benin with independent power producers and project finance lenders; and improving the financial position and operations of the utility in Malawi, enabling it to work with independent solar power producers.

Food Security

MCC worked with 10 other U.S. Government agencies and departments to develop the U.S. Government Global Food Security Strategy FY2017–21. The strategy provides an integrated whole-of-government approach, along with agency-specific implementation plans, as required by the Global Food Security Act of 2016. MCC has invested more than \$5 billion in supporting food security, including \$1.8 billion directed to the agricultural sector. In FY2017, MCC partnered closely with other development partners to promote the agency's goal of sustainably reducing poverty through accelerated agricultural development.

Data for Development Capacity Building

The impact and sustainability of MCC and other U.S. Government foreign assistance programs would benefit if partner governments and other stakeholders had greater capacity to use data, technology and evidence to make decisions on policies, budgets and programs. In April 2015, MCC and the President's Emergency Plan for AIDS Relief (PEPFAR) entered into a \$21.8 million interagency partnership, known as the Data Collaboratives for Local Impact (DCLI), to build the capacity of sub-Saharan countries to join the data revolution and enhance efforts relating to HIV/AIDs, gender equality and economic growth. DCLI builds the data skills of government agencies, civil society organizations and citizens connected to MCC and PEPFAR programs.

Tanzania was selected as the program's first partner country, and projects have been underway since April 2016. In Tanzania, DCLI established a data lab that provides training and data science services; an innovation hub that enlists and supports entrepreneurs in designing data-based solutions; and a

subnational project, Data Zetu, that exposes local authorities and citizens to the benefits of data use. More than 1,400 individuals have been trained, with more than half of those in the health sector and including more than 300 in PEPFAR-priority subnational areas. The program has successfully involved youth and entrepreneurs and is contributing to the economic empowerment of young and adolescent women. To ensure a future supply of data scientists that can support PEPFAR and foreign assistance programs, the data lab and the University of Dar es Salaam, where the lab is hosted, are launching a data science degree for the university's students, the first of its kind in Tanzania.

Scalable solutions with direct relevance to PEPFAR programming are emerging, from ways that predictive data analytics can reduce school dropout rates (a factor correlated with increased risk of contracting HIV/AIDs) to SMS-based solutions linking health experts with people who need care or helping verify medicine stocks at local pharmacies. The DCLI program is also beginning to inform MCC core business: it has already helped inform MCC's Kosovo Threshold Program as well as the proposed Togo Threshold Program—and has raised awareness of the benefits of building data and technology skills among key country stakeholders. Most recently, the memorandum of agreement between MCC and PEPFAR was amended to enable the expansion of the DCLI program to Côte d'Ivoire, where MCC recently signed a \$525 million compact and PEPFAR expends more than \$130 million per year.

Gender and Education

MCC's goals, mission and country-driven approach provide women and girls with the skills they need to succeed economically. For example, the Georgia Compact's STEM Higher Education Project is designed to increase women's participation in STEM degree programs. To attract and retain girls and minorities in the joint degree program offered by San Diego State University, MCC supports targeted outreach and recruitment efforts as well as scholarships to attract and retain girls and minorities. A recruitment effort with focused gender messages has resulted in increased female participation—60 of 126 students in the 2017–18 cohort are female.

MCC embraces strategic partnerships to support the empowerment of women, recognizing that shared values and the inclusion of all citizens strengthen MCC's ability to help reduce global poverty.

Partnering With India to Strengthen Regional Integration

In January 2017, MCC and India's Ministry of External Affairs (MEA) released a joint statement announcing their intent to cooperate in an effort to reduce global poverty by focusing on regional integration in South Asia, particularly in the areas of energy, trade and investment. MEA and MCC contemplate working together in building capacity in partner countries, exchanging information and experience in relevant sectors, and facilitating site visits to cross-border or other relevant projects. The joint statement represents a significant step forward in collaboration for the United States and India in meeting common regional goals. While the goals of the joint statement are regionwide, they also align with the cross-border component of the MCC Nepal Compact, signed in September 2017, which serves as one area of mutual interest and cooperation.

A Commitment to Partnerships in Georgia

In line with the agency's aim to use partnerships to increase the impact and sustainability of its investments, MCC helped the Government of Georgia and its compact partner San Diego State University (SDSU), to partner with nearly a dozen major companies and industry leaders in Georgia last year, thereby securing \$3 million in scholarships for students to pursue STEM degrees under the compact's STEM Higher Education Project. Many of these same partners are already employing SDSU Georgia students, giving them invaluable experience in their fields before they graduate. Such examples of strategic cooperation are win-win undertakings, enabling MCC to significantly increase the total number of beneficiaries while establishing linkages between the country's top STEM employers and SDSU Georgia—linkages that will last well beyond the compact and that will serve as a pipeline for talented, highly sought-after engineers.

New Efforts to Advance Global Development

MCC actively engages with the private sector throughout the development and implementation of its threshold and compact programs to spur economic growth in partner countries. By holding its partner countries accountable to high standards of good governance and capitalizing on private investment and expertise, MCC is delivering development results and creating new opportunities for U.S. firms in frontier markets.

Incentivizing Reforms

The “MCC effect” refers to the positive impact of MCC’s rigorous commitment to sound policies beyond the agency’s direct development investments in partner countries. MCC’s selection criteria encourage countries to reform policies, strengthen institutions and improve data quality in order to boost their performance in the areas of economic freedom, ruling justly and investing in their people, as measured by the MCC scorecard.

Côte d’Ivoire, a regional economic hub in West Africa, is a good example of the MCC effect. After receiving a passing score on only five of 20 policy indicators in 2013, the Government of Côte d’Ivoire adopted MCC’s scorecard as its road map for reform and established an interministerial committee to develop and implement those reforms. After Côte d’Ivoire passed MCC’s scorecard in 2015, MCC’s Board designated the country as eligible to develop a compact, which was approved in September 2017. The country’s concerted effort demonstrates the impact MCC’s model and scorecard have in driving policy change globally, even before a single dollar of taxpayer money is spent. Good performance on the MCC scorecard signals to the private sector that MCC’s partners are open for business.

Capturing Industry Expertise

MCC’s Advisory Council was created to provide a platform for systematic engagement with the private sector. The Council’s industry expertise, insights and technical recommendations help inform the agency’s work and deepen public and private sector partnerships for greater leverage and impact in reducing global poverty. The Advisory Council is an interdisciplinary group of advisors that provides MCC with a vehicle for receiving external feedback from the private sector. Members offer insight on innovations in infrastructure, technology and sustainability; perceived risks and opportunities in MCC partner countries; and new financing mechanisms for developing country contexts—all of which help MCC remain at the cutting edge of international development.

Creating New Opportunities

The “Work With Us” page on the MCC website provides an easy-to-navigate resource for U.S. firms wishing to keep track of current and upcoming contract and partnership opportunities with MCC and MCC partner countries. All contracts to provide goods, works and services are awarded based on fair and open international competition, with MCC checks and oversight at every step of the procurement process. All payments under contracts are made by the U.S. Treasury and overseen by MCC staff, which mitigates

many of the risks commonly associated with working in emerging economies.

Reducing Poverty Through Growth

